

## Message Text

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73

ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PM-03 NSC-05 SS-15

AGR-05 SWF-01 SAJ-01 SAM-01 NIC-01 /088 W

----- 047575

R 130130Z DEC 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 3166

INFO AMEMBASSY MOSCOW

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

CINCPAC HONOLULU HI

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CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: ECON CH

SUBJ: TENG HSIAO-PING VIEWS THE PRC ECONOMY

REF: A) FBIS V070200Z DEC 74 (NOTAL)

B) HONG KONG 13174

C) HONG KONG A-319

1. VICE PREMIER TENG HSIAO-PING PRESENTED AN OVERVIEW OF THE PRC ECONOMY DURING AN HOUR-LONG TALK WITH OVERSEAS CHINESE IN PEKING FOR NATIONAL DAY. IT IS UNUSUAL TO SEE A LENGTHY ACCOUNT OF SUCH A MEETING PUBLISHED, SO THE TEXT WAS TRANSMITTED TO WASHINGTON IN REF. A, SIGNIFICANT FOREIGN AFFAIRS ASPECTS WERE COVERED IN REF. B, AND HIS ECONOMIC COMMENTS WERE REPORTED IN REF. C.

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2. TENG DESCRIBED THE PRC AS A POOR COUNTRY WHERE IMPROVE-

MENT CAN COME ONLY GRADUALLY. PARADOXICALLY, HE ALSO ASSERTED THAT CHINA WILL CATCH UP WITH THE WEST IN THIRTY YEARS. USING A NEW AND HIGHER FIGURE, TENG CLAIMED THAT THE PRC'S 1973 GRAIN OUTPUT WAS 260 MILLION TONS AND THAT CONDITIONS THIS YEAR WERE SOMEWHAT BETTER. TENG PICTURED A GREAT POTENTIAL STILL TO BE TAPPED IN AGRICULTURE--- LARGELY THROUGH MECHANIZATION AND CHEMICAL FERTILIZERS. PERHAPS FOR THIS REASON, EVEN THOUGH HE SAID POPULATION INCREASE SHOULD BE CONTROLLED, HE SOUNDED COMPLAISANT ABOUT CONTINUING INCREASES.

3. STRONGLY ASSERTING THAT SELF-RELIANCE WAS THE ONLY SAFE ROUTE TO INDUSTRIAL DEVELOPMENT, TENG REVEALED HIMSELF AN ADVOCATE OF AN OBSOLETE FINANCIAL CONSERVATISM. HE DRAGGED OUT BOTH THE SOVIET AID EXPERIENCE AND THE "IMPERIALSIST BLOCKADE" TO SUPPORT HIS CASE. TENG NOTED THAT THE PRC IS BUYING MACHINERY ON THE INSTALLMENT PLAN BUT SAID THIS WAS ONLY BECAUSE IT WAS SURE OF BEING ABLE TO MEET THE PAYMENTS SCHEDULE. SOMEWHAT DISINGENUOUSLY, HE WENT ON TO SAY THAT CHINA MUST MAINTAIN ITS DEBT FREE STATUS BOTH INTERNALLY AND EXTERNALLY.

4. IN HIS VIEW, THE LEVELIHOOD OF THE PEOPLE CAN BE IMPROVED ONLY GRADUALLY, IN ORDER TO DEVELOP THE ECONOMY, THE STATE OF HAVING ONLY JUST ENOUGH TO EAT AND TO WEAR MUST CONTINUE FOR SOME WHILE TO COME. TENG BLANDLY ASSERTED THIS HAS BEEN EXPLAINED TO THE PEOPLE AND THAT THEY UNDERSTAND. HE CONCLUDED THAT AS THE PEOPLE ARE FULL OF CONFIDENCE IN BUILDING SOCIALISM, CHINA'S FUTURE IS A BRIGHT ONE.  
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## Message Attributes

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